

**U.S. House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity
Hearing on Housing and Economic Development Policy in Ohio**

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**Testimony of Roberta F. Garber, Executive Director
Community Research Partners
Topic: Housing Needs and CDBG Resources in Central Ohio**

Chairman Ney and members of the committee: Thank you for the opportunity to provide testimony on housing needs in central Ohio. My name is Roberta Garber, and I am executive director of Community Research Partners. Community Research Partners (CRP) is a non-profit partnership of United Way of Central Ohio, the City of Columbus and the John Glenn Institute for Public Policy and Public Service at The Ohio State University. CRP provides measurement, evaluation and research services to improve the quality of human services and community development policy and programs.

I am here today to provide data from research on two topics: 1) the housing needs of low and moderate-income households in Columbus and central Ohio; and 2) the allocation of Community Development Block Grant (CDBG) resources to large cities in Ohio. These topics are related, because the CDBG program is a cornerstone of local government programs to meet housing needs.

Housing Needs in Central Ohio

The data I am presenting on housing needs is based on research done for the Columbus and Franklin County Consolidated Plan, Mayor Coleman's Housing Task Force, CRP's Community Indicator's Database, other local research on affordable housing supply and demand in central Ohio and data from the U.S. Census Bureau. The testimony addresses the following three types of housing needs:

1. Affordable rental housing needs
2. Housing condition needs
3. Homeownership needs

It should be noted that housing need, condition, and costs are impacted by complex factors outside the housing arena. Some of these factors relate to the housing supply (the physical structure) and others relate to housing demand (the ability of a household to "purchase" housing). These include:

- Economics—business cycles, interest rates, price of land and materials
- Demographics—family structure, ethnic and racial composition, age structure

- Household income—employment, wage rates, public assistance programs
- Community attitudes—regulatory environment, taxes and fees, public opposition

This testimony, however, focuses on data on the housing stock and housing affordability that are indicators of the housing needs of residents of central Ohio.

1. Affordable Rental Housing Needs

Since renter households typically have lower incomes than homeowners, they comprise the largest group with housing needs. In Columbus and Franklin County the primary housing problem faced by low- and moderate-income renters is housing cost burden. Cost burdened households are paying more for housing than what is considered affordable, or more than 30% of their income for rent and utilities. The following are key indicators of the affordable housing needs of renters:

- **Most low-income renters are housing cost burdened:** In 1996, an estimated 75% of all low-income renter households in Franklin County (about 60,000 households) were paying more than 30% of their income for housing costs (rent and utilities). In 2002, a household had to earn over \$25,000 a year to afford a two-bedroom apartment at fair market rent in Franklin County. (Sources: Columbus and Franklin County Consolidated Plan: 2000-2003; National Low Income Housing Coalition, *Out of Reach 2002*)
- **Large deficit of units for extremely low-income renters:** In 1996, there was a deficit of 21,892 rental units affordable to Central Ohio¹ households with incomes at or below 30% of median (approximately the poverty rate). (Source: Providing Affordable Rental Housing in Central Ohio, 1997)
- **Few affordable rental units in areas of job growth:** In 1996, there was a deficit of 4,961 rental units affordable to households with incomes at or below 50% of median in the areas of Central Ohio with the greatest projected employment growth (suburban northwest, northeast and southeast areas). (Source: Providing Affordable Rental Housing in Central Ohio, 1997)
- **Few new rental units will be affordable:** Of the 14,224 new rental units “in the pipeline” (permits issued or under construction) in Central Ohio in 2000, only 10% will be affordable to a low-income household. (Source: The Danter Company, 2000)
- **Subsidized units lost from the affordable housing stock:** Since 1996, 1,224 project-based Section 8 and HUD-financed rental units have been lost from the Franklin County affordable housing inventory as a result of owner opt-outs and prepayments. An additional 184 units are expected to be lost through opt-outs in the near future. This represents 12% of all such units that will be lost from the inventory. (Source: HUD Ohio Field Office, 2003)
- **Many persons still experience homelessness:** In 2000, 2,713 persons in families, 3,869 single men and 931 single women were served by emergency shelters in Franklin County. (Source: Community Shelter Board)

¹ “Central Ohio” includes Franklin County and contiguous urbanizing areas of Delaware, Licking and Fairfield counties

2. Housing Condition Needs

Lower income renters and owners are more likely to live in housing that is in poor condition. Housing with physical problems is concentrated in older Columbus (the area within the 1950 boundaries of Columbus), where 36% of the housing was built before 1940. However, housing condition problems can also be found in pockets throughout Franklin County. The following are key indicators of housing condition needs:

- **Housing stock in poor condition:** There are 29,100 housing units in Franklin County with severe or moderate physical problems, of which two-thirds are rental units. (Source: 2002 American Housing Survey)
- **Vacant units not up to code:** There are nearly 12,000 vacant housing units in the older areas of Columbus (within the city's 1950 boundaries), representing one out of every ten units. The city's Building Services Division has 1,605 active vacant structure cases in the older city. (Source: Columbus Dept of Development; Census 2000)
- **Owners can't afford home maintenance costs:** In 1995, there were an estimated 12,253 low- and moderate-income owner households in Franklin County paying more than 50% of their income for mortgage and utilities. (Source: Columbus and Franklin County Consolidated Plan: 2000-2003).

3. Homeownership Needs

Owning a home is the primary means of wealth accumulation for most households. However, low- and moderate-income households, and minority households face barriers to affordable homeownership. The following are key indicators of homeownership needs:

- **Columbus homeownership rate is low:** The Columbus homeownership rate has increased but is still low (49.1%) compared to other communities. (Source: Census 2000)
- **Homeownership rates for minority households very low.** The owner occupancy rates for Franklin County housing units occupied by black or African American, Asian, American Indian and Hispanic households are 23-35 percentage points below the rate for white households. (Source: 2000 U.S. Census)
- **Few new affordable single family homes built:** Only 10% (641) of new detached homes sold in Central Ohio in 1999 were affordable to a moderate-income household (at or below 80% of median). (Source: The Danter Company, 2000)
- **Many potential first-time homebuyers:** There are an estimated 15,000 low- and moderate-income Franklin County renters who are potential first-time homebuyers. (Source: Columbus and Franklin County Consolidated Plan, 2000-2003)

Allocation Patterns of CDBG Funds

The data indicate that low-and moderate-income residents of central Ohio have significant housing needs. Like other communities, Columbus uses resources from the Community Development Block Grant (CDBG) program to help address these needs. However, an analysis of the allocation of CDBG funds finds that the distribution formula results in a disparity for Columbus when compared to other major Ohio cities.

The formulas for allocating CDBG funds are complex and change over time as new census data becomes available. The formula for newer, growing cities like Columbus

(Formula A) is based on population, poverty and overcrowded households. The formula for older, “rustbelt” cities (Formula B) is based on population loss, poverty and pre-1940 housing. Columbus is the only large city in Ohio that is awarded CDBG funds based on Formula A. All others are based on Formula B.

In order to provide a basis of comparison, analysis of the allocations was done using two per capita measures—funds per capita of total population and funds per capita of persons living in poverty. All the other large Ohio cities received from about three to over five times per capita more than did Columbus. Even when adjusted for poverty levels, a significant disparity remains (see Table 1).

The case is often made that it is not equitable to make per capita comparisons between Columbus and the other large cities in Ohio, because the population growth of Columbus is the result of annexing large areas that in other urban counties would be in the suburbs. To account for this, Table 1 also provides per capita allocation based on the population of older Columbus only. Older Columbus is the area within the 1950 boundaries of Columbus and has poverty rates and housing stock more similar to central cities which have experienced population loss. However, even when using this data for comparison, only Toledo has a smaller per capita CDBG allocation than does Columbus (\$30.28 vs. \$32.95). Columbus still ranks last among the large Ohio cities in allocation per capita of persons living in poverty. In this scenario, the annual grant to Columbus would need to be increased by 50% to nearly 100% to be equivalent to the funds received by Cincinnati or Cleveland.

Table 1
2003 CDBG Allocations to Ohio’s Largest Cities

City	Total CDBG Funds	2000 Population	CDBG Funds Per Capita	Persons in Poverty, 2000	Poverty Rate	CDBG Per Capita Persons in Poverty
Columbus total	\$8,035,000	711,470	\$11.29	102,723	14.8%	\$78.22
Older Columbus (1)	\$8,035,000	243,832	\$32.95	59,107	25.5%	\$135.94
Toledo	\$9,496,000	313,619	\$30.28	54,903	17.9%	\$172.96
Akron	\$8,327,000	217,074	\$38.36	36,975	17.5%	\$225.21
Dayton	\$7,778,000	166,179	\$46.80	35,756	23.0%	\$217.53
Cincinnati	\$16,304,000	331,285	\$49.21	69,722	21.9%	\$233.84
Cleveland	\$29,532,000	478,403	\$61.73	122,479	26.3%	\$241.12

Sources: U.S. Department of Housing and Urban Development website, July 2003; Census 2000; CRP calculations

(1) Older Columbus is the area within the 1950 boundaries of the city of Columbus.

An important factor in calculation of CDBG allocations is the number of housing units in a jurisdiction that were built prior to 1940. This is the factor that tends to skew resources toward older, declining cities. It is also reflective of one of the primary purposes of the CDBG program—to alleviate blighting conditions in older neighborhoods. Table 2 again uses older Columbus for more equitable comparison with the other large central cities in Ohio, and calculates the 2003 CDBG allocation received per pre-1940 housing unit. In

this comparison, the “per housing unit” amount received by Columbus ranges from \$15-\$103 less than the amount for other cities.

Table 2
2003 CDBG Allocations to Ohio’s Largest Cities
Funds per Pre-1940 Housing Unit

City	Total CDBG Funds	Pre-1940 Housing Units	CDBG Funds per Pre- 1940 Housing Unit
Older Columbus	\$8,035,000	41,653	\$192.90
Toledo	\$9,496,000	45,708	\$207.75
Akron	\$8,327,000	33,754	\$246.70
Dayton	\$7,778,000	26,351	\$295.17
Cincinnati	\$16,304,000	66,407	\$245.52
Cleveland	\$29,532,000	106,352	\$277.68

Sources: U.S. Department of Housing and Urban Development website, July 2003; Census 2000;
 CRP calculations

(1) Older Columbus is the area within the 1950 boundaries of the city of Columbus.